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SUBJECT Leftist Plans for Hungarian Economy

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SUPPLEMENT

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letter of 16 October 1978 from the
Director of Central Intelligence to the
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1. A new and energetic campaign is forthcoming on the part of the Hungarian Left-bloc against finance and industry in Hungary. During the last 16 months, this bloc admits they have concentrated their efforts on radical land reform measures and a purge of the administration. Meanwhile, Hungarian capitalism has remained, in their view, in the unlimited possession of its former power.

Several reasons have prevented the Left-bloc from taking over finance and industry. An essential part of the Social Democratic Party and the Communist Party as well was recruited from middle-class elements and neither party wanted to lose these elements by a too rapid program of socialization. Furthermore it is claimed that the reconstruction of the entirely ruined economic life in Hungary could not have begun without the unlimited freedom which private capital and enterprise received. But when industry, finance and private enterprise have played their decisive role in restoring Hungary's economic life and the essential part of the reconstruction has taken place, their unlimited survival would be hard to justify.

Consequently a series of new measures will be taken which will include the nationalization of many private enterprises, the control of banking activities and the state direction of foreign trade.

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